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1902

Brookline. Mass.

Cost of war and Warfare
from 1898, 1902 \$100,000,000
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The Cost of War and Warfare,

FROM 1898 TO 1902,

INCLUSIVE,

SEVEN HUNDRED MILLION DOLLARS

\$700,000,000.

(SEVENTH EDITION. 1000 EACH.)

*STATEMENT COMPILED, COMPUTED AND PROVED FROM THE
OFFICIAL REPORTS OF THE GOVERNMENT,*

BY

EDWARD ATKINSON, LL. D., Ph. D.,

BROOKLINE, MASS., U. S. A.

JULY 4, 1902.

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PREFACE.

I have been requested by several Senators and Representatives of both political parties, and also by many women of standing and influence, to prepare a plain statement of the economic aspect of the war with Spain for the liberation of Cuba and of the warfare in the Philippine Islands after the treaty of peace with Spain, since which date no war in any legal sense has existed, as a war requires a declaration by act of Congress.

It is difficult for one who regards the warfare in the Philippine Islands, with its necessary brutality, devastation, disease and death, with utter abhorrence, to make a clear, cold analysis of its cost; but in treating the economic aspect of the case any appeal to sentiment would be out of place. Again, it may be held that one viewing the case as I do would have more influence if he presented the facts in terms of millions and if he did not show how small the burden had been at the end and how easily and almost unconsciously it had been met. To forbear stating all the facts would not be consistent with the duty of an economist of any repute.

I have therefore struck out many paragraphs which formed a part of the first draft, changed the title first chosen, and have presented a simple statement in a form which any one conversant with the right method of making an analysis from the trial balance of a merchant or manufacturer will readily comprehend.

Suffice it that in eight years, from 1898 to 1905, we shall have spent on war and warfare a sum which, could it have been so applied, would have paid off the whole interest-bearing debt of the United States in the same period.

The war is ended and the warfare has ceased. The temporary aberration toward militarism is becoming obnoxious to men of both political parties. One lesson may have been learned from the evils which we are now surmounting, viz., the enormous power of this nation to meet extraordinary expenditures of great magnitude by a few simple taxes on luxuries or articles of voluntary use: and by a simple system of stamp taxes costing but little for the collection as far removed from a tax on the consumption of the masses of the people as any tax can be.

The next great question will be the re-adjustment of our whole revenue system: the removal of taxes now imposed upon materials of foreign origin which are necessary in the processes of domestic industry; the promotion of the export of our surplus product by treaties of real reciprocity unhampered by the efforts of the few to pervert the power of public taxation to purposes of private gain.

This compilation may open the way to such legislation and then the vision of a country free from debt, lightly taxed, opening the doors to commerce in the East as well as elsewhere by setting an example of the open door at home, may perhaps affect the imagination which is the most potent factor in the conduct of commerce and industry of every kind.

With this hope I present the facts and figures herewith given, inviting criticism and suggestion, so that in the subsequent editions which may possibly be called for, now that the public mind is turned in this direction, no error may be undetected and no erroneous inference may be derived from this analysis of the Government accounts.

EDWARD ATKINSON.

BROOKLINE, MASS., July 4, 1902.

ANALYSIS OF THE EXPENDITURES OF THE

June 30, 1878, to June

PRESIDENTS.	Year.	Population.	Expenditures.	Per Capita.	Civil.	Per Capita.
Hayes	1878	47,398,000	\$236,964,326	\$4.98	\$57,806,984	\$1.21
	1879	48,866,000	266,947,883	5.46	70,947,663	1.45
	1880	50,155,783	267,642,957	5.34	63,455,207	1.27
	1881	51,816,000	260,712,887	5.02	71,991,736	1.40
		198,235,783	\$1,032,268,053	\$5.21	\$264,201,590	\$1.33
Arthur	1882	52,495,000	\$257,981,439	\$4.89	\$66,956,499	\$1.27
	1883	53,693,000	265,408,137	4.90	76,040,605	1.40
	1884	54,911,000	244,126,244	4.39	77,396,434	1.40
	1885	56,148,000	260,226,935	4.65	94,046,754	1.70
		217,247,000	\$1,027,742,755	\$4.73	\$314,440,292	\$1.45
Cleveland	1886	57,404,000	\$242,483,138	\$4.23	\$80,206,088	\$1.40
	1887	58,680,000	267,932,179	4.55	91,459,348	1.57
	1888	59,974,000	259,653,958	4.33	79,111,569	1.32
	1889	61,289,000	281,996,615	4.59	87,556,272	1.42
		237,347,000	\$1,052,065,890	\$4.43	\$338,333,277	\$1.43
Harrison	1890	62,622,250	\$297,736,486	\$4.75	\$88,111,303	\$1.40
	1891	63,844,000	355,372,684	5.57	118,575,637	1.86
	1892	65,086,000	345,023,330	5.30	108,197,087	1.66
	1893	66,349,000	383,477,955	5.74	114,308,577	1.72
		257,901,250	\$1,381,610,455	\$5.36	\$429,192,604	\$1.66
Cleveland	1894	67,632,000	\$367,525,280	\$5.44	\$109,574,172	\$1.63
	1895	68,934,000	356,195,298	5.11	100,715,600	1.41
	1896	70,254,000	352,179,446	5.01	96,858,608	1.38
	1897	71,592,000	365,774,159	5.11	101,642,783	1.42
		278,412,000	\$1,441,674,183	\$5.18	\$408,791,163	\$1.48
20 years		1,189,143,033	\$5,935,361,336	\$5.00	\$1,754,958,926	\$1.48
McKinley	1898	72,947,000	\$443,368,582	\$6.08	105,190,905	\$1.45
	1899	74,318,000	605,072,180	8.14	129,030,226	1.73
	1900	76,303,387	487,713,792	6.39	112,647,602	1.48
	1901	77,647,000	509,967,353	6.57	129,821,527	1.68
		301,215,387	\$2,046,121,907	\$6.80	\$476,690,260	\$1.59
Roosevelt	1902	79,003,000	\$471,209,642	5.96	\$123,537,726	1.55
5 years		380,283,387	\$2,517,331,549	\$6.61	\$600,227,986	\$1.58
Peace and War 25 years		1,569,426,420	\$8,452,692,885	\$5.39	\$2,355,186,912	\$1.50

UNITED STATES FOR TWENTY-FIVE FISCAL YEARS,
30, 1902, inclusive.

War.	Per Capita.	Navy.	Per Capita.	Interest.	Per Capita.	Pensions.	Per Capita.
\$32,154,148	\$1.68	\$17,365,300	\$0.36	\$102,500,875	\$2.16	\$27,137,019	\$0.57
40,425,661	.83	15,125,127	.31	105,327,949	2.15	35,121,483	.72
38,116,916	.77	13,536,085	.27	95,757,575	1.89	56,777,174	1.14
40,466,460	.78	15,686,671	.30	82,508,741	1.59	50,059,279	.95
\$151,163,185	\$0.77	\$61,713,183	\$0.31	\$386,095,140	\$1.95	\$169,094,955	\$0.85
\$43,570,494	.83	\$15,032,046	\$0.29	\$71,077,207	\$1.35	61,345,193	\$1.17
48,911,383	.90	15,283,437	.28	59,160,139	1.10	66,012,573	1.23
39,429,603	.72	17,292,601	.31	54,578,378	.98	55,429,228	1.00
42,670,578	.74	16,021,080	.29	51,386,256	.92	56,102,267	1.00
\$174,582,058	\$0.80	\$63,629,164	\$0.29	\$236,201,980	\$1.09	\$238,889,261	\$1.10
\$34,324,153	\$0.60	\$13,907,888	\$0.24	\$50,580,145	\$0.90	\$63,454,864	\$1.10
38,561,026	.67	15,141,127	.27	47,741,577	.82	75,029,101	1.21
38,522,436	.64	16,926,437	.28	44,715,007	.75	80,288,509	1.34
44,435,271	.72	21,378,809	.35	41,001,484	.66	87,624,779	1.43
\$155,842,886	\$0.66	\$67,354,261	\$0.24	\$184,038,213	\$0.80	\$306,397,253	\$1.30
\$44,582,838	\$0.72	\$22,006,206	\$0.36	\$36,099,284	\$0.57	\$106,936,855	\$1.70
48,720,065	.75	26,113,896	.41	37,547,135	.60	124,415,951	1.95
49,310,405	.76	29,554,679	.45	23,378,116	.36	134,583,043	2.07
52,024,489	.78	30,522,939	.46	27,264,392	.41	159,357,558	2.40
\$194,637,797	\$0.76	\$108,197,720	\$0.42	\$124,288,927	\$0.48	\$525,293,407	\$2.04
\$56,841,759	\$0.84	\$32,090,658	\$0.47	\$27,841,106	\$0.41	\$141,177,285	\$2.09
53,898,370	.78	29,208,069	.42	30,978,030	.45	141,395,229	2.05
54,947,075	.75	27,554,733	.39	35,385,029	.50	139,434,001	1.99
50,314,622	.70	34,972,479	.49	37,791,110	.53	141,053,165	1.97
\$214,001,826	\$0.77	\$123,825,939	\$0.44	\$131,995,575	\$0.47	\$563,059,680	\$2.02
\$890,227,752	\$0.75	\$424,720,267	\$0.35	\$1,062,619,835	\$0.90	\$1,802,734,556	\$1.52
\$93,889,770	\$1.31	\$59,250,482	\$0.83	\$37,585,056	\$0.47	\$147,452,369	\$2.02
232,395,365	3.12	64,354,735	.87	39,896,925	.54	139,394,929	1.88
137,650,329	1.80	56,378,312	.74	40,160,233	.52	140,877,316	1.85
147,493,921	1.90	60,985,304	.78	32,342,979	.42	139,323,622	1.79
\$611,429,385	\$2.04	\$240,968,823	\$0.80	\$149,985,133	\$0.50	\$567,048,236	\$1.89
112,216,683	1.42	67,858,590	.86	29,108,083	.37	138,488,560	1.71
\$723,646,068	\$1.90	\$308,827,423	\$0.80	\$179,093,276	\$0.47	\$705,536,796	\$1.86
\$1,613,873,820	\$1.03	\$733,547,690	\$0.46	\$1,241,713,111	\$0.80	\$2,508,271,352	\$1.60

ANALYSIS OF THE EXPENDITURES OF THE UNITED STATES FOR
AND FIVE YEARS OF WAR FOR THE LIBERATION OF CUBA
ISLANDS IN THE EFFORT TO DEPRIVE THEM OF
OF WAR AND WARFARE HAS, TO

PRESIDENTS.	Year.	Population.	Expenditures.	Per Capita.	Civil.	Per Capita.
Population for each term of four years computed in one number as the divisor for the aggregate expenditure of that term.						
Hayes	{ 1878 1881 }	198,235,783	\$1,032,268,053	\$5.21	\$264,201,590	\$1.33
Arthur	{ 1882 1885 }	217,247,000	1,027,742,755	4.73	314,440,292	1.45
Cleveland	{ 1886 1889 }	237,347,000	1,052,065,890	4.43	338,333,277	1.43
Harrison	{ 1890 1893 }	257,901,250	1,381,610,455	5.36	429,192,604	1.66
Cleveland	{ 1894 1897 }	278,412,000	1,441,674,183	5.18	408,791,163	1.48
Peace, 20 years		1,189,143,033	\$5,935,361,336	\$5.00	\$1,754,958,926	\$1.48
McKinley	{ 1898 1901 }	301,215,387	\$2,046,121,907	\$6.80	\$476,690,260	\$1.59
Roosevelt	1902	79,003,000	471,209,642	5.96	123,537,726	1.55
War and Warfare, 5 years	{ 1898 1902 }	380,218,387	\$2,517,331,549	\$6.67	\$600,227,986	\$1.58
		Paid, under Spanish Treaty,			(deduct) 20,000,000	.07
					\$580,227,986	\$1.51

COMPARISON OF PER CAPITA EXPENDITURES.

	All Expenditures.	Civil.	Army.	Navy.	Interest.	Pensions.
1878 to 1897, 20 years Peace	\$5.00	\$1.48	\$0.75	\$0.35	\$1.90	\$2.42
1898 to 1902, 5 years War	6.67	1.53	1.95	.86	.47	2.33
Variation, 1898 to 1902	+\$1.67	+\$0.05	+\$1.20	+\$0.51	— \$0.43	— \$0.09

Excess of cost of War and Warfare over normal rates of Peace computed at \$2.50 per head year by year

These differences computed on the population

TWENTY YEARS OF PEACE, ORDER AND INDUSTRIAL PROGRESS,
AND OF WARFARE UPON THE PEOPLE OF THE PHILIPPINE
THEIR LIBERTY, WITH A PROOF THAT THE COST
JUNE 30, 1902, EXCEEDED \$700,000,000.

Army.	Per Capita.	Navy.	Per Capita.	Interest.	Per Capita.	Pensions.	Per Capita.	Per Cap. Pensions and Int.
\$151,163,185	\$0.77	\$61,713,183	\$0.31	\$386,095,140	\$1.95	\$169,094,955	\$0.85	\$2.80
174,582,058	.80	63,629,164	.29	236,201,980	1.09	238,889,261	1.10	2.19
155,842,886	.66	67,354,261	.24	184,038,213	.80	306,397,253	1.30	2.10
194,637,797	.76	108,197,720	.42	124,288,927	.48	525,293,407	2.04	2.52
214,001,826	.77	123,825,939	.44	131,995,575	.47	563,059,680	2.02	2.49
\$890,227,752	\$0.75	\$424,720,267	\$0.35	\$1,062,619,835	\$0.90	\$1,802,734,556	\$1.52	\$2.42
\$611,429,385	\$2.04	\$240,968,833	\$0.80	\$149,985,193	\$0.50	\$567,048,236	\$1.89	\$2.39
112,216,683	1.42	67,858,590	.88	29,108,083	.37	138,488,560	1.74	2.11
\$723,646,068	\$1.90	\$308,827,423	\$0.86	\$179,093,276	\$0.47	\$705,536,796	\$1.86	\$2.33
(add) 20,000,000	.07							
\$743,646,068	\$1.97							

COMPARISON OF FIVE YEARS OF WAR ON THE NORMAL RATE OF \$2.50 PER HEAD
IN TIME OF PEACE WITH INTERESTS AND PENSIONS ACTUAL.

	1898	1899	1900	1901	1902
Normal Cost, Gov't	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Pensions and Int.	2.49	2.42	2.37	2.21	2.11
Estimated, Normal	\$4.99	\$4.92	\$4.87	\$4.71	\$4.61
Actual	6.08	8.14	6.39	6.57	5.96
	+ \$1.09	+ \$3.22	+ \$1.52	+ \$1.86	+ \$1.35

of each year amount to \$705,575,170. (See text, page 14.)

THE war with Spain for the liberation of Cuba was entered upon from patriotic motives and may have been inevitable. It was lawfully declared by Congress and was marked by few of the necessary barbarities of warfare. The destruction of the two sections of the Spanish navy marked the change in naval warfare in which, while the admiral or commander of the fleet has the opportunity to display judgment and courage, yet in the actual attack he must of necessity become the subordinate of the engineers who work the machinery. In neither engagement was there any equal contest, only an example that the men behind the guns must not only have the courage which is a common attribute, but the greatest technical skill and practice in the working of complex mechanism. In fact, in the engagements the Spaniards showed the high courage of their race in a hopeless struggle to meet the superior skill and mechanism of their opponents.

The warfare in the Philippine Islands has never become a lawful war, which can only be declared by act of Congress. The inhabitants, having refused to be sold by Spain, who at the time of sale had been wholly deprived of all power over them by their own resistance, have made an effort to establish their independence. President McKinley, even before the ratification of the treaty with Spain, opened an attack upon them which has been continued under the pretext of putting down an insurrection.

In the course of this warfare the necessary barbarity of warfare which modern science has forced upon armies in active service has been exposed in the most conspicuous manner.

In the publicity given to these atrocities it has been alleged that an attack had been made upon the army as a whole. No such attacks have been made by the opponents of the policy of the administration. The only reflection of an adverse kind has been made by the President in asserting his power to review the verdicts of courts martial. But even he has been sometimes compelled to justify verdicts of acquittal in cases where the acts committed have shocked the whole nation, but which he finds to be within the rules which of necessity impart barbarity to modern warfare, which General Brooke also justifies. All these minor atrocities in the actual conduct of the warfare in the Philippines are the necessary sequence from the major atrocity of attempting to deprive the people of the Philippine Islands of their independence by force of arms.

In the subsequent statement I have, therefore, applied the methods of an expert accountant to measuring the cost.

COST OF WAR AND WARFARE.

I have begun this analysis of the accounts of the Government with the year 1878, the subsequent period covering twenty years of peace and five years of war and warfare, to June 30, 1902, inclusive.

Specie payment on a gold basis was resumed January 1, 1879, but the depreciation of the greenback had nearly ceased in the fiscal year ending June 30, 1878. The statistics of the Government and all other price or cost statistics between June 30, 1877, and the enactment of the legal-tender act of 1861-62 are vitiated for any purpose of scientific comparison through the varying depreciation of the currency in which the accounts were kept.

The invention of an automatic method of tying a knot in the twine binder which is attached to the grain harvester — an invention which was perfected between 1870 and 1875 — enabled the grain-growers of the West to increase the wheat crop in a huge measure, diminishing the cost and dispensing with the service of laborers previously required, to the number of five or six to every harvester, to bind the shocks of wheat by hand.

The huge increase in the product of wheat developed by this simple invention was exported in the next few years prior to January 1, 1879, to the value of one hundred and eighty million dollars (\$180,000,000), leaving more than an ample supply for home consumption. In return for this increased export of wheat, the tide of gold set this way and we imported almost the exact amount of the value of the wheat in gold, one hundred and eighty million dollars (\$180,000,000), on which basis specie payments were resumed. On this basis this analysis of expenditures has been made.

It is my purpose to state and to prove the cost measured in terms of money, of war and warfare from 1898 to 1902 inclusive. The period of twenty years, from 1878 to 1897 inclusive, covers five administrations; three of the completed terms were Republican and two were Democratic, which may be held to establish a rule of cost in time of peace.

The terms of the several administrations have ended March 4th, while the fiscal years end June 30th, but the overlap is negligible. For all purposes of comparison the expenditures from March 4th to June 30th are under the appropriations of the Congress ending March 4th, and the effect of a change in administration does not appear until later.

It is held that in this analysis the *per capita* method, which is in many cases deceptive, is in this case the only suitable one. The expenditures of the Government must of necessity increase in the aggregate with the growth of population, but whether one Administration or one Congress has been more lavish than another is a relative question which can only be decided by a computation per head of population. The greatest increase was in pensions.

Moreover, very nearly the whole revenue of the country is derived from indirect taxation and is assessed upon articles of common consumption, so that a computation of expenditures *per capita* discloses what each head of a family of five or each head of a working group of three or each person contributes to the support of the Government in time of peace or in time of war on an average of the whole country. This average must be somewhat qualified because the consumption of taxed articles is greater in the North and West than in the South, where the colored population is numerous and very poor.

Taxation and work are synonymous terms. It therefore follows that the cost of war in terms of money is the measure of so much work well spent or wasted as the war may be one in defence of liberty and for the establishment of rights, or one for the privation of liberty and for the imposition of oppressive wrongs.

The working group of this country consists of a fraction under three, one person occupied for gain supporting two others as well as himself or herself. The average product of each person occupied for gain is approximately seven hundred dollars a year; that is rather a large estimate. It follows that three persons must get their support, pay their taxes, make their contributions to savings and get their board and clothing out of what seven hundred dollars (\$700) a year will cover. Deducting taxes, on what \$225 a year will buy at retail for each person.

It follows that, if the cost of war for five years (1898 to 1902 inclusive) has been over

\$700,000,000,

then work equivalent to that of one million men for one year has been diverted from the productive pursuits of peace to the destructive pursuits of war.

Divide this number by five and we get the work annually of two hundred thousand (200,000) men each year for five years, during which period we may have had an average of one hundred thousand (100,000) men under arms by land and sea, thus developing the common rule that for every man taken from productive industry into the army or navy, the work or product of one other man must also be diverted to the destructive purpose of war.

This is the economic aspect of war,—justifiable for defensive purposes; criminal, brutal and barbarous when waged for offensive purposes or for the expansion of trade by conquest or colonization.

Democracies are rightly opposed to standing armies. Our army had been reduced to twenty-five thousand (25,000) men before the Spanish war. This army was mainly on the frontier, doing the work of a national police. Before the Spanish war began the frontier work was practically ended and we had little use for any army. Canada has no use for a standing army and does not waste money upon one. Her volunteers have proved to be more effective soldiers in the Boer war than the regulars of the British army. During the Spanish war and the warfare upon the Philippine people the United States have been almost denuded of regular troops. Has any one missed them? Has any one felt less safe because there were no regular soldiers near? Our army is now being reduced to about sixty thousand (60,000) men, and that is more than we can ever need, unless we again commit "criminal aggression" upon some weak State. It may be assumed, however, that a few years more must elapse before we become sufficiently civilized to dispense with a standing army, and as long as there are brutal nations in the world who are still dominated by militarism and might be insane enough to attack us, we must maintain a small army and a moderate navy for defensive purposes, perhaps for another generation.

The subsequent table varies a little from the one which I compiled for publication in my pamphlets on the "Hell of War" and on "Criminal Aggression," of which 132,000 were distributed at the cost of voluntary contributors who sent in the money.

Since those tables were compiled, the premiums on purchase of bonds have been taken out of Government forms of regular expenditure, as they are not one of the normal expenditures, and some slight errors have been corrected. The figures of the tables have all been taken from the latest official data, and the computations have all been proved by a double check on a double entry system.

Attention must be called to the aggregate by detail, in order to comprehend the true meaning of the tables which precede this treatise.

Cost Per Capita of the Government by Terms of Administration.

1878 to 1897 inclusive	{	President Hayes	\$5.21
		President Arthur	4.73
		President Cleveland	4.43
		President Harrison	5.36
		President Cleveland	5.18
Average of twenty years of peace, order and industry		<u>\$5.00</u>	
1898 to 1902	{	President McKinley	\$6.80
		President Roosevelt	5.06
		Average of five years of war and warfare	<u>\$6.67</u>

The difference is \$1.67 per head, but by a subsequent table it is proved that, owing to the falling in of pensions and the reduction in interest, coupled with the increase of population, the normal rate of twenty years of \$5 per head would have been lessened. The true waste of war, \$1.84 per head, is proved by the figures subsequently given.

CLASSIFICATION OF EXPENDITURES

CIVIL SERVICE.

Legislative, Judicial, Public Buildings, Indians, Postal Deficiency, and Other Charges
of Like Kind.

		Per Capita.
1878 to 1892	President Hayes	\$1.33
	President Arthur	1.45
	President Cleveland	1.43
	President Harrison	1.66
	President Cleveland	1.48
	President McKinley (\$1.58 s 7 cents paid on Spanish treaty)	1.51
	President Roosevelt	1.55

It will be remarked that the variation in this element in the cost of our Government has been but twenty-three (23) cents per head between the lowest cost, under President Cleveland, and the highest cost, under President Harrison, during the whole term of twenty-five years.

MILITARY EXPENDITURES.

1878 to 1897	President Hayes	\$0.77
	President Arthur	.80
	President Cleveland	.66
	President Harrison	.76
	President Cleveland	.77
Average of twenty years of peace, order and industry seventy- five cents per head		<u>\$0.75</u>
1898 to 1902	President McKinley (\$2.04 plus 7 cents paid for Philippine Islands, \$20,000,000)	\$2.11
	President Roosevelt	1.42
Average of five years of war and warfare		<u>\$1.97</u>

In dealing with this element, regard must be given to the fact that the improvements in rivers and harbors which, in spite of waste and jobbery, are constructive and not destructive, are charged to the military account.

The amount expended for twenty years, 1878 to 1897 inclusive, was	\$225,735,284
The amount expended in five years, from 1898 to 1902 inclusive, was	90,095,010
Total	<u>\$315,820,294</u>

From the foregoing constructive element in the military expenditures, it appears that we have saved an average of nineteen cents per head each year for the last twenty-five years, reducing the normal military expenditures in time of peace to a relatively small tax upon the resources of the country, but not materially altering the comparisons.

NAVAL EXPENDITURES.

1878	{	President Hayes	\$0.31
		President Arthur	.29
to		President Cleveland	.24
1897	{	President Harrison	.42
		President Cleveland	.44
Average of twenty years			<u>\$0.35</u>
1898	{	President McKinley	\$0.80
to		President Roosevelt	.88
1902		Average of five years	<u>\$0.86</u>

It must be remarked that the construction of the "new navy" (so-called) was begun in President Cleveland's first term, but the cost did not show until the two subsequent terms.

NOTE.—For a comparison of these and other expenditures with those of other countries see Appendix.

The difference is \$1.20 on the army, 51 cents on the navy, making \$1.71 per head of added cost, slight changes in other items reducing this sum to \$1.69, as shown in the table covering all the items. A true adjustment bringing it to \$1.84.

Exception may be taken to charging the excess of naval expenditure of the last five years to war and warfare, because a considerable part has been for the construction of naval vessels which are said to be capable of permanent service. The figures are not available from 1878 to 1887.

The amount expended for ten years, 1888 to 1897	
inclusive, for the construction of naval vessels was	
approximately	\$108,000,000
For five years, 1898 to 1902	<u>82,000,000</u>
Total, 18 cents <i>per head</i> of population, 1888 to 1902	
inclusive	\$190,000,000

Eighteen cents deducted from the *per capita* of all naval expenditures from 1888 to 1902, 56 cents, leaves as the cost of the support of the navy from 1888 to 1902 inclusive, approximately, 38 cents for ten years of peace and five years of war, or not over 25 cents per head in time of peace; this is not a heavy charge for the protection of commerce.

In fact, the advocate of peace who recognizes conditions as they are and who is not a mere non-resistant, may fully justify this small expenditure upon the navy, even if a considerable part of it is now being wasted upon big battle-ships which are probably obsolete or will be before they are completed. Service in the navy can only be entered through a very severe course of instruction in many branches of a very high type, which renders the naval service an example of what the civil service of the Government might be if candidates for the civil service were required to prepare themselves for their duties in the most effective way.

We entered upon the Spanish war with a moderate force of armed ships under the control of a thoroughly-trained body of well-bred men. Moreover, the service in the navy, even of the waifs and strays who are recruited from the streets to man the ships, develops them on their long cruises and even within port they are protected from the common temptations of the city. They are of necessity trained in the use of mechanism of all kinds so that, if I am rightly informed, when discharged from the service they find little difficulty in obtaining good employment in civil life.

Again, there are many naval officers who can find no career in the navy, but who, of a progressive or inventive mind, have left the service in early or middle life and are now holding most important positions in the direction and control of some of our largest establishments. Other naval officers, finding opportunity within the service for scientific research and exploration, have added to the commercial knowledge of nations; so that, although there may be a considerable waste of the aggregate appropriations to the support and construction of the navy, it is yet justified under existing conditions and may be sustained by all reasonable advocates of peace. The main difficulty will be to find engineers for naval service, which has become a dangerous, monotonous and underpaid branch of mechanical engineering, offering no career to a man of capacity.

It may also be observed no act could so well assure the peace of the world and the progress of commerce than for Great Britain and the United States to neutralize the ferry-way between the Atlantic and Gulf coast of the United States and the ports of Great Britain and Ireland, inviting other European States to join in the agreement, but at the same time declaring that any attack by the armed vessels of any other State within these neutral waters would be met by the armed resistance of the united navies of the English-speaking people. To this end, for the defense of commerce and for the maintenance of the interdependence of this and the motherland all may unite.

The three foregoing schedules constitute the normal elements of the cost of conducting the Government aside from interest and pensions.

SUMMARY OF TWENTY YEARS OF PEACE.

	President.	Civil.	Military.	Naval.	Total.
1878 to 1897, inclusive.	Hayes,	\$1.33	\$0.77	\$0.31	\$2.41
	Arthur,	1.45	.80	.29	2.54
	Cleveland,	1.43	.66	.24	2.33
	Harrison,	1.66	.76	.42	2.84
	Cleveland,	1.48	.77	.44	2.69
Average		\$1.48	\$0.75	\$0.35	\$2.58
Less non-recurrent items					.08
Normal rate					\$2.50

It will be remarked that the non-recurrent expenditure for the return of direct taxes assessed during the Civil War, the payment of the Geneva award, the bounties on sugar, the extinction of title to Indian lands which are included above, if taken out, would reduce the amounts, especially during the administration of President Harrison, leaving the normal cost of the United States Government less than two dollars and a half (\$2.50) per head in time of peace. It is held that this computation, covering twenty years and five administrations, establishes that sum per capita as a rule or standard of the normal cost of the Government under normal conditions, the tendency being for population to increase rather faster than the expenditures.

SUMMARY OF FIVE YEARS OF WAR AND WARFARE.

	President.	Civil.	Military.	Naval.	Total.
1898 to 1902, inclusive.	McKinley,	\$1.54	\$2.09	\$0.80	\$4.43
	Roosevelt,	1.55	1.42	.88	3.85
Average		\$1.53	\$1.95	\$0.80	\$4.34
Normal rate of peace					2.50
Cost of war and warfare per head					\$1.84

From the next table it appears that the excess of expenditure in the last five years above the rule of normal rate established in the previous twenty years has been one dollar and eighty-four cents (\$1.84) per head, computed year by year on each year's population.

In the next three years, however, there will be a considerable diminution in the *per capita* expenditure taken as a whole by the reduction in interest and the falling in of pensions. How this works the following table shows. In the first column is given the cost of civil, military and naval services at the normal rate or rule established in twenty years, of two dollars and a half (\$2.50) per head applied to the last five years. In the other columns are given the actual figures of interest and pensions.

	Civil, at Normal Rate.	Interest, Actual.	Pensions, Actual.	Total.
1898	\$2.50	\$0.47	\$2.02	\$4.99
1899	2.50	.51	1.88	4.92
1900	2.50	.52	1.85	4.87
1901	2.50	.42	1.79	4.71
1902	2.50	.37	1.74	4.61

When we apply these normal figures to the actual figures of war and warfare we again prove the cost, confirming the previous figures.

	Actual Figures.	Normal Figures.	Difference.	Difference in Money.
1898	\$6.08	\$4.99	\$1.09	\$79,512,230
1899	8.14	4.92	3.22	239,303,960
1900	6.39	4.87	1.52	115,980,560
1901	6.57	4.71	1.86	144,423,420
1902	5.96	4.61	1.35	106,455,000
				<u>\$685,575,170</u>
Add payment to Spain under treaty				20,000,000
Total excess of cost of five years of war and warfare above the normal rate of peace,				<u>\$705,575,170</u>

The aggregate population during the five years has numbered in round figures a fraction over 76,000,000 per year, aggregating 3,805,000,000, who have paid \$1.84 per head, proving the result reached by the previous table, in round figures

\$700,000,000.

The cost of war and warfare, justifiable or otherwise, during five years has been, —

Per head of population	\$9.20
Each person occupied for gain, sustaining two others	27.60
Each family of five	46.00

Larger in the North and West, less in the South.

Such are the facts. Each person must decide for himself how far he has been responsible for these conditions, what it has cost him, and what it is worth in national reputation, in political repute or disrepute or in national welfare or ill-fare.

It is now plain that it will take at least the remaining years of President Roosevelt's term before what he rightly named "the burden" of the Philippine Islands can be removed, or before a Philippine government can be reorganized under the administration of President Roosevelt in place of the government which was destroyed by force of arms under the administration of President McKinley, so that the independence which President Roosevelt states to be the

objective point may be admitted and our armed forces withdrawn before the end of his term. In the remainder of this period of somewhat less than three years, the excess of our expenditures as compared with the normal rate will be diminished, but cannot be less in the aggregate than two hundred million dollars (\$200,000,000), probably more, which will make the total cost of war and warfare in the two terms of Presidents McKinley and Roosevelt, covering eight years,

\$900,000,000.

This sum exactly corresponds to the estimates which I made in the "seditious" pamphlets on "The Cost of Criminal Aggression," only the sum is spread over a little longer term than I anticipated.

Many Anti-Imperialists have, whenever consulted by the leaders of the Philippine people in their struggle for independence, counselled them to cease armed resistance and to surrender, trusting to the honor of the American people to restore to them their right of independence.

While that advice has been given for their benefit, it has also been given with a view to restoring to the people of the United States their own independence from the rule of militarism and to bring the cost of their own Government back to normal conditions.

Armed resistance has ceased, a large part of our armed forces are being withdrawn: our military expenditures are being reduced and, in spite of the additions to the pension list from this war, the rapid falling in of the pensions of the Civil War is now reducing that item.

A total charge of five dollars and a half (\$5.50) per head, assessed on the population of the present fiscal year which, June 30, 1903, will exceed eighty million (80,000,000), will doubtless suffice to cover all expenditures. By the end of President Roosevelt's present term, in 1905, the cost of all branches of the Government may be again at the normal rate of five dollars (\$5) per head, the average from 1878 to 1897 inclusive.

It may happen that the very large appropriations for battle-ships and other naval construction will prevent the reduction to \$5 per head so soon as the end of the term of the present administration; but, as the amount of work that can be finished and paid for year by year is practically limited to the capacity of the ship-building works now in existence, it is not probable that the annual amounts paid before March 4, 1905, will greatly affect the *per capita* computation.

In the period of eight years, 1897 to 1905 inclusive, we shall have expended on war and warfare at least

\$900,000,000,

and we shall have on hand a large navy consisting in large measure of battle-ships, possibly useless for any purpose, as the "commerce destroyers," built a few years since, are now useless and may no longer disgrace the navy by their mere title.

It would probably be difficult even for an impartial accountant to make an exact separation of the cost of the war with Spain for the liberation of Cuba from the cost of warfare in the Philippine Islands and other military and naval expenditures. It is at least probable that the expenditures for the liberation of Cuba did not exceed, and were probably less, than \$300,000,000. We have already spent and wasted \$400,000,000

and shall spend and waste in all before we get through with the warfare upon	
the Philippine people not less than	600,000,000
Total	\$900,000,000

Assuming that the war for the liberation of Cuba may be justified, it may be interesting to compute what might have been done with the money wasted, or yet to be wasted, in the Philippine Islands, say \$600,000,000 or more.

Two hundred million dollars (\$200,000,000) would probably have developed every important harbor in the United States up to the highest point yet attained in engineering.

One hundred million dollars (\$100,000,000) would probably develop any system of irrigation of arid lands that could now be justified.

One hundred million dollars (\$100,000,000) appropriated to common schools in the Atlantic and Gulf Cotton States south of the Potomac, from Virginia to Louisiana inclusive, would have enabled the people of these States to build schoolhouses. These States surrendered to the Union their great possessions west of the Alleghanies upon the adoption of the Constitution or since, out of which great grants have been made to the Western States by which they have been enabled to build schoolhouses in advance of population and to partly support the schools. The Cotton States have a right to demand an equal support. This act of justice yet remains to be done. \$400,000,000 being thus disposed of.

There would still remain two hundred million dollars (\$200,000,000) of the money yet to be wasted, out of which the insufficient salaries of the Members of the Cabinet and of the Justices of the National Courts might be doubled. The compensation of ambassadors and ministers to foreign countries might be made sufficient for them to maintain the dignity of the Nation without recourse to their private incomes; they could be housed in suitable dwellings belonging to the Nation in each capital to which they are accredited. The salaries of consuls might be doubled, and under civil service rules men secured for permanent positions in the service of our expanding commerce, — and yet there would be a big sum to be applied to other useful purposes, such as a reduction of postage to one cent, which would at first make a deficit in the postal service.

Now, let us glance at a more cheerful view of our case.

While we have been dealing in these visionary sums of millions by the hundred, which convey little idea to any one but an expert who has a statistical imagination until reduced to so much per head each year (or, perhaps, it would be more fit to say so much per pocket, where the cost falls in the end), we must observe that a large part of the burden has been liquidated or dispersed in smoke. The revenue derived by the Government from liquors and tobacco for twenty years, 1878 to 1897, amounted to two dollars and a half (\$2.50) per head, thus meeting the cost of the Government under normal conditions aside from interest and pensions.

Estimating some of the figures of 1902 not yet published, the total revenue from liquors and tobacco, domestic and foreign, for five years from 1898 to 1902, during four years of which period the war taxes now repealed have been in force, has been approximately

\$1260,000,000.

This sum assessed upon the aggregate population gives \$3.34 per head. The normal rate for the previous twenty years was a little under \$2.50 per head. The difference, 84 cents per head, amounting to nearly half our war expenditure, has to that extent liquidated the account through the voluntary taxes paid on beer and spirits with concomitant tobacco.

The war taxes on liquors and tobacco, yet more unwisely the purely revenue tax collected by stamps have been repealed and the tax on sugar, yielding less revenue, has been maintained, to the oppression of Cuba and to the great obstruction to the expansion of the export of domestic products of agriculture, farmers being misled by the advocates of protection to beet-root sugar. The promoters of this forced branch of industry, having proved their ability to make beet sugar in free competition with the world when raising money for their work, have succeeded in perverting the power of public taxation to purposes of private gain by defeating every effort to relieve Cuba, even by a small concession.

They have succeeded in making somewhat less than 150,000 tons of beet sugar, the annual value of which comes to less than ten cents per head of our population, out of a total consumption at three dollars and a half per head. The quantity of beet-root sugar produced in this country is less than the consumption of one single establishment in making condensed milk.

If sugar were free of duty, our commerce would expand with all sugar-producing countries and our agriculture would be promoted by our taking the paramount control of the manufacture of condensed milk, preserved fruits, jellies, jams and marmalades.

The force of economic folly could no further go than the delusion of the farmers that it is for their interest to take their children out of school to thin and weed beets and to make a little petty crop, when with free sugar, there would be tenfold the market for farm products through the supply of dairies and fruit-preserving factories with sugar at the lowest cost.

Bad and wasteful as our own course has been, the military and naval expenditures of the manufacturing States of Europe, with which we mainly compete in the great commerce of the world, the United Kingdom, France and Germany, have been even more wasteful. While our expenditures are now six dollars (\$6) per head and will soon again be only five dollars (\$5), the expenditures of the United Kingdom are three times as great, those of France three times and those of Germany double. Yet the burden upon Germany is in fact the greatest of all, because it is derived from a product not over one-half as large *per capita* as our own.

Again, in this essay I have only presented to you the figures of the revenue, \$2.50 to \$3.34 per head, derived from liquors and tobacco. The average expenditure upon liquors by the people of this country is seventeen dollars (\$17) per head, mostly for beer; for tobacco in all forms it is six dollars (\$6). Taken together, the expenditures for liquor and tobacco come to twenty-three dollars (\$23) per head, while our expenditures for the support of the Government last year, including the cost of war, were only six dollars (\$6), or about one-fourth the cost of drink and smoke; yet as compared to England, France and Germany, we are a very temperate people.

We are proud of our system of education and we boast of our common schools, yet we apply only three dollars (\$3) a head, on the average, to the support of common schools, varying from a minimum of less than a dollar in the Cotton States to five dollars in Massachusetts. Six dollars a head for tobacco and three dollars a head for schools! Seventeen dollars a head for whiskey, beer and wine! five dollars a head for the support of government!

In fact, our very prosperity and our common waste, not only upon liquors and tobacco, about half of which is ill-spent, but in many other ways, prevents even the waste of warfare becoming so oppressive as to force a remedy. It has been through the influence of the brewers, the distillers and the brokers that the war taxes have been repealed, and through the influence of the beet-sugar makers that the sugar tax has been maintained, while the patient public pays the bill, grumbling in a blind way, but not yet acting, as it soon will.

I have assumed that President Roosevelt is sincere in his declared purpose of removing "the burden" from our shoulders, and that the independence of the Philippine people is his objective point. Amnesty has been granted, a civil government framed, and it is no longer an act of sedition to read and discuss the declaration of independence in the Philippine Islands. What more remains? time will tell. If President Roosevelt's strenuous energy shall enable him to accomplish these declared purposes before the end of his present term, his name will pass into history among the greatest of the great. If such should not be his purpose, then it may take a little longer to lift the burden, to restore the rights of the people of the Philippine Islands and to re-establish the principle of liberty in the United States of America.

EDWARD ATKINSON.

APPENDIX.

Relative Taxation in the United Kingdom, France and Germany, as compared to the United States.

From a similar official statement of the national expenditures of the Republic of France the following computations are derived for the year 1901 :—

		Per Capita.
Population	38,600,000	
Civil and judicial service	\$116,390,696	\$3.00
Army, navy, public works, forts, etc.	234,925,682	6.10
Interest on public debt and pensions, omitting workmen's old-age pensions	257,608,381	6.67
	<u>\$608,924,759</u>	<u>\$15.77</u>
Expenditures for state manufactures, subsidies to merchant marine, free art schools and to four religious cults, etc., carry the <i>per</i> <i>capita</i> to over		<u>\$17.00</u>

From an official statement of the expenditures of the United Kingdom of Great Britain and Ireland the following computations are derived for the year ending March 31, 1901 :—

Population computed at	<u>41,500,000</u>	
Expenditures for civil and judicial service, omitting imperial taxes appropriated to local purposes	\$114,457,860	Per Capita. \$2.76
Army and navy under normal conditions of peace	230,159,880	5.54
Interest on national debt and pensions	134,330,400	3.24
Total	<u>\$478,948,140</u>	<u>\$11.54</u>
The special war expenditures of the year are estimated at	317,168,460	7.64
Total	<u>\$806,116,600</u>	<u>\$19.18</u>

In the present year this burden will be somewhat lessened; but, by comparison with the United States fiscal year ending June 30, 1901, the British rate is \$19.18 per head against the United States rate of \$6.57, now also lessened.

Having no official statement of the national expenditures of Germany and not reading German, I am unable to unravel the complex accounts of the German empire in the Almanac de Gotha. I compute them on the best information I can get at \$12 per head, very largely for military and naval service.

But this is no measure of the burden, as the pay in the German service is miserably insufficient, and in the examination of German family budgets one constantly finds an item, "Support of son in the army."

It will also be remarked that the burden upon our manufacturing competitors is not truly measured in terms of money.

\$12, in Germany, falls on a per capita product not over half our own.

\$17, in France, on a product not over three-fifths.

\$11.54 to } in the United Kingdom in time of peace; \$17 in time of war

\$13, } on a product per capita not over three-quarters, if as much.

The Nemesis of the rule of Blood and Iron — of Revanche — of Junkerism and Militarism, hangs like a pall over continental Europe, and the words "Disarm or Starve" are written upon the battlements on land and on the battle-ships upon the sea.

From a more extensive study of the relative taxation for national purposes in the United Kingdom, France, Germany, Belgium and the Netherlands, which are our chief competitors in supplying other parts of the world with manufactured goods, and which are also our principal foreign customers (Italy, Austria and Spain being yet worse off and Russia always on the verge of wide-spread famine), I have become satisfied that our advantage in immunity from taxation for military purposes and for the payment of interest on their huge debts incurred in previous wars is equivalent to at least five per cent. upon the value of our whole national product, or a sum between \$700,000,000 and \$800,000,000. In other words, we have a margin of profit of five per cent. on our whole product before our competitors can begin to credit profit on their product. Such a sum is more than the sum of all our State, county, city or town taxes imposed for the cost of local government. Prodigal and wasteful as we may be in some places and in some directions, yet the whole sum per capita of National, State, county, city and town taxes in the United States does not exceed the average rate given above for national taxation only in the European states above named, which are in very largest measure expended for military purposes, or interest on war debts.

The capacity of the European continent, without Russia, to support its own population cannot be questioned, yet more with Southern Russia and Asia Minor added; but divided as it is by the prejudices of race, the diversity of language and by tariff barriers which yield less revenue than the cost of the armed forces necessary to maintain them, the state of Europe seems hopeless. Hence the urgency for the conquest of colonies and for the expansion of foreign commerce and exports. Hence also the fear of the industrial progress of the United States. Under these conditions the effort is being made to unite in a common effort to exclude imports from this country. Were such a union possible, what would be the effect? The cost of living would be enhanced, that increased cost would enter into all their goods which they now export. For a time the price of our food, fibers and fabrics would be lessened, our farmers would have a narrower market for a time, but our ability to export manufactured goods would be augmented by the consequent reduction in the cost of living.

The power of the continental states of Europe to compete with the United States and Great Britain, welded together as they would then be by their common interest and mutual dependence, would be wholly destroyed.

So long as the armies of the continent of Europe are maintained, and the effort of the maritime states to create and support great navies is continued, their ability to sustain even the present population is diminished, and will continue to be lessened until some great social revolution destroys the classes by whom militarism is maintained.

As the slave power destroyed itself in this country, so will the military caste destroy itself in Europe.

Such seem to me to be the warnings shadowed forth by even a partial study of the figures of comparative taxation so far as I have been able to compute them. I commend this subject of the relative burden of armies, navies, debts and taxes to all students of social and political science.

EDWARD ATKINSON.

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